# "Role of Share Market in Economic Development of the Maharashtra State: With Special Reference to Palghar District"

**Ph. D Synopsis**

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**"Role of Share Market in Economic Development of the Maharashtra State: With Special Reference to Palghar District"**

## 1. INTRODUCTION:

India being one the largest economy in Asia in terms of purchasing power can never ignore the crucial role of financial market, especially talking about Share/Stock Market. Share market is the market in which shares are issued & traded either through exchanges or over the counter markets. Share market plays crucial role in the capital formation by effective mobilization of savings from economy. The economic activity of country is influenced by share markets which are the great contributors for the development of an economy. Globalization has led to the development of stock markets & providing a better platform for investors as well as industrialists. The stock markets help in accelerating the development of an economy the topic attracts attention to study.

To simply put, the stock market refers to the platform over which a publicly listed company trades its shares and issues them to the general public – collectively considered to be the shareholders of the particular company. The primary market is where the company issues its shares through an Initial Public Offering (IPO) in order to raise capital. So constituting the largest investment avenues, the stock market consists of two primary stock exchanges- the National Stock Exchange (NSE) & Bombay Stock Exchange (BSE). Stock market or capital market is the long term source of investment. Equity shares are the best financial assets to create long term wealth creation. BSE SENSEX formed in 1979 with base of 100 & today it is at app. 50,000. Stock Market is the primary market that publicly listed companies use to list their shares, following which investors can proceed with buying or selling those shares over the secondary market.

## 1.1 Need & Importance of the Study/ Statement of Problem :

In study area investors mostly prefer to invest in traditional avenues like Fixed Deposits, R.D, Gold, Land / Property. This truely hamphers growth & development of state. Time has arrived to convince investors about the difference of risky investments & volatile investment, which would positively contribute to increased share of investment in this productive area.

- Stock market is important for economy in many ways. Stock market is major indicator of countries future growth impacted, whenever something bad or good is likely to happen in future, stock market is first instrument that will react because of its sensitive nature. So they are major indicator for upcoming things and events happening.
- It provides different routs to organisations to raise funds for development & expansion ,also to increase profits.
- Share market is a great source of investment for smart investments for general public. Buying and selling in competitive economic system leads to better & more diverse products with stable prices also increases efficiency of producers.
- With cautious research & planning Stock markets are better avenue of investment as compare to traditional investment avenues.
- Stock exchanges play a prominent role in the consolidation of the national economy and also help in the development of industrial sector especially.

A rising stock market is usually aligned with a growing economy and leads to greater investor confidence. Investor confidence in stocks / shares leads to more buying activity which can also help to push prices higher. When stocks rise, people invested in the equity markets gain wealth. India is a

developing economy , and in such countries ,these stock markets play a cardinal role. They help in mobilizing savings from all spheres of society and ensure safety at the same time.

## 1.2 OBJECTIVES OF THE STUDY:

1. To understand role of Stock Market in the development of Maharashtra State.
2. To study employment generation by stock market.
3. To study retail customer base of share market in study area.
4. To study the Govt. revenue through Stock Market.
5. To know the impact of pandemic Covid 19 on Stock Market.
6. To find out the problems faced by stock market in Maharashtra State.
7. To find out the area in which Govt. support can be taken to uplift the society by safeguarding the interest of investors as an organized institution.
8. To state recommendations to concerned stakeholders after data analysis & interpretation.

## 1.3 Hypothesis:

1. In Maharashtra investors mostly prefer to invest in traditional avenues like Fixed Deposits, R.D, Gold, Land / Property.
2. Increased volatilities in Stock Markets is the only main reason to keep investors away from these markets.
3. There is association between Stock market awareness drive & initiatives & changing scenario of savings & investments patterns amongst individual households.
4. There is no association between investment inclination towards stock market & gender.

### 1.4 Research Methodology:

Primary data is to be collected through observations, personal interviews, questionnaires. Also, Secondary data is to be collected through books, journals, periodicals, magazines, office records, Books of Accounts etc. Statistical tool Range, Tabulation, Time series analysis techniques, Correlation techniques & tools would be used by the researcher for analysis & interpretation.

### 1.5 Limitation of the Study:

The study is restricted to the Palghar District Talukas in Maharashtra State. It is confined to the Retail Investor's investments in NSE & BSE. Respondents attitude towards the study also affects responses & results. Time constraint & manpower also reflects the outcome.

### 1.6 Scope of study:

This study is exploratory cum descriptive & analytical in nature. As per above stated limitation the study covers only Palghar District Talukas in Maharashtra as Sample, to study retail invester's attitude towards share market investments.

As we know world economy is connected to share market, in India NSE & BSE are playing leading role of engine in developing economy. Only 5% of the India's population is involved in the Stock Market, it is necessary to create awareness amongst the people the leading role of safe investments with minimum risks. Investing in many different stocks can help build wealth to investors by leveraging growth in different sectors of the economy, resulting in a profit even if some of individual stocks lose value. Capital market has great contribution in National development as it gives generate revenue of app. 12,000 crore Rs. , creates app. 10 Lakh jobs & it boost to growth of retail investors which helps in capital formation. Stock market capitalization as percent of GDP as of 2019 was 75.98 % (www.theglobal economy.com accessed on 5th july 2021 at 11: 00 a.m). GDP of Maharashtra in 2020 Rs. 4.94 lakh crores (US$69 billion) the GDP of Maharashtra is 14% of India's GDP.(source: http://en.m.wikipedia.org , accessed on 5th june

2021, at 3:39 p.m). Considering the above information stock market has a great scope as an indicator of economic growth, because it helps to perform an efficient transfer of money resources from those who save towards those who need capital.

**1.7 Data Analysis & interpretation:** Statistical tools Range, Tabulation, Time series analysis techniques, Correlation techniques & tools would be used by the researcher for study.

### 1.8. Conclusion

Wealth creation is a long-term process, so one must consider Nominal & Real rate of return while investing. Saving is part of our Indian culture but smart saving strategy in smart & modern instruments would surely prosper Indian citizens to beat increasing inflation.

### 1.9. Suggestions

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**Chapter Scheme:**

**Chapter 1 -** Introduction

**Chapter 2 -** Review of literature

**Chapter 3 -** Role of stock market in economic development of Maharashtra State.

**Chapter 4 -** Employment generation by stock market

**Chapter 5 -** Study of Govt. revenue of Maharashtra State through Stock Market.

**Chapter 6 -** The problems faced by stock market in Maharashtra State.

**Chapter 7 –** Conclusion & Suggestions

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Research Guide